



February 4, 2005

SENATE BILL No. 611

DIGEST OF SB 611 (Updated February 3, 2005 10:42 am - DI 102)

Citations Affected: IC 36-8.

Synopsis: Sheriff deferred retirement option plan. Establishes certain requirements for a deferred retirement option plan adopted as part of a sheriff's department's retirement plan.

Effective: July 1, 2005.

Harrison, Lutz L

January 24, 2005, read first time and referred to Committee on Pensions and Labor.
February 3, 2005, reported favorably — Do Pass.

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SB 611—LS 7908/DI 102+



February 4, 2005

First Regular Session 114th General Assembly (2005)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2004 Regular Session of the General Assembly.

SENATE BILL No. 611

A BILL FOR AN ACT to amend the Indiana Code concerning pensions.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 36-8-10-12.2 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JULY 1, 2005]: **Sec. 12.2. (a) This section applies to a**
4 **county that adopts a deferred retirement option plan as part of its**
5 **retirement plan under this chapter.**
6 **(b) As used in this section, "DROP" refers to a deferred**
7 **retirement option plan established under this section.**
8 **(c) As used in this section, "DROP frozen benefit" refers to a**
9 **monthly pension benefit calculated under the provisions of a**
10 **retirement plan established under this chapter based on the**
11 **employee beneficiary's:**
12 **(1) salary; and**
13 **(2) years of service;**
14 **on the date the employee beneficiary enters the DROP.**
15 **(d) As used in this section, "maximum years of service" refers**
16 **to the maximum number of years of service included in the**
17 **monthly pension benefit calculation under a department's**

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1 retirement plan.

2 (e) An employee beneficiary who:

3 (1) is not yet credited with the maximum number of years of
4 service; and

5 (2) is eligible to receive an unreduced benefit immediately
6 upon termination of employment;

7 may elect to enter a DROP. The employee beneficiary's election is
8 irrevocable.

9 (f) The employee beneficiary exits a DROP on the earliest of the
10 following:

11 (1) The date that the employee beneficiary is credited with the
12 maximum years of service under the retirement plan.

13 (2) The employee beneficiary's retirement date.

14 (3) The date any required benefit begins.

15 (g) The retirement benefit paid to the employee beneficiary who
16 participated in a DROP consists of:

17 (1) the DROP frozen benefit; plus

18 (2) an additional amount, paid as the employee beneficiary
19 elects under subsection (h), determined in STEP THREE of
20 the following formula:

21 STEP ONE: Multiply:

22 (A) the DROP frozen benefit; by

23 (B) the number of months the employee beneficiary
24 participated in the DROP.

25 STEP TWO: Multiply the product determined in STEP ONE
26 by an interest rate that does not exceed three percent (3%)
27 annually.

28 STEP THREE: Add the product determined under STEP
29 ONE and the product determined under STEP TWO.

30 (h) The employee beneficiary shall elect, at the employee
31 beneficiary's retirement, to receive the additional amount
32 calculated under subsection (g)(2) in one (1) of the following ways:

33 (1) A lump sum.

34 (2) An actuarially equivalent increase in the monthly pension
35 benefit payable to the employee beneficiary.

36 (3) A combination of (1) and (2).

37 (i) The cost of living payment determined under section 23 of
38 this chapter does not apply to the additional amount calculated
39 under subsection (g)(2). No cost of living payment is applied to a
40 DROP frozen benefit while the employee beneficiary is
41 participating in a DROP.

42 (j) If an employee beneficiary becomes disabled:

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1 (1) in the line of duty; or

2 (2) other than in the line of duty;

3 benefits for the employee beneficiary are calculated as if the
4 employee beneficiary had never entered the DROP.

5 (k) If, before the employee beneficiary's monthly pension benefit
6 begins, an employee beneficiary dies, in the line of duty or other
7 than in the line of duty, death benefits are payable as follows:

8 (1) The benefit under subsection (g)(2) is paid in a lump sum
9 to the employee beneficiary's surviving spouse. If there is no
10 surviving spouse, the lump sum must be divided equally
11 among the employee beneficiary's surviving children. If there
12 are no surviving children, the lump sum is paid to the
13 employee beneficiary's parents. If there are no surviving
14 parents, the lump sum is paid to the employee beneficiary's
15 estate.

16 (2) A benefit is paid on the DROP frozen benefit under the
17 terms of the county's retirement plan.

18 (l) A DROP under this section must be designed to be
19 actuarially cost neutral to the county's retirement plan.

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SENATE MOTION

Madam President: I move that Senator Lutz be added as coauthor of Senate Bill 611.

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COMMITTEE REPORT

Madam President: The Senate Committee on Pensions and Labor, to which was referred Senate Bill No. 611, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill DO PASS.

(Reference is made to Senate Bill 611 as introduced.)

HARRISON, Chairperson

Committee Vote: Yeas 11, Nays 0.

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